



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** March 14, 2022

**TO:** Millennium Challenge Corporation, Chief Risk Officer, Lori Giblin

**FROM:** Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

**SUBJECT:** Closeout Audit of MCC Resources Managed by Fondo del Milenio II – Fomilenio II under the Compact Agreement, April 1, 2019, to January 7, 2021 (3-MCC-22-010-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) Resources Managed by Fondo del Milenio II (FOMILENIO II) under the Compact Agreement, April 1, 2019, to January 7, 2021, FOMILENIO II contracted with the independent certified public accounting firm PricewaterhouseCoopers, Ltda. de C. V. to conduct the audit. PricewaterhouseCoopers, Ltda. de C. V. stated that it performed its audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and the Interim Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable entities. The audit firm reported that it did not have an external quality control review by an unaffiliated audit organization as required since no such program is offered by professional organizations in El Salvador. In addition, the audit firm did not fully satisfy the continuing professional education requirement set forth in generally accepted government auditing standards. The audit firm is responsible for the auditor's report and conclusions expressed in it. We do not express an opinion on FOMILENIO II's fund accountability statement; the effectiveness of its internal control; or its compliance with the agreement, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether FOMILENIO II's Fund Accountability Statement for the MCC-funded program presents fairly, in all material respects, revenues, costs incurred, and assets and technical assistance directly procured by FOMILENIO all for the period audited; (2) evaluate FOMILENIO II's internal control's related to the MCC-funded programs to identify any reportable conditions, including material internal control

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<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

weaknesses as applicable; (3) determine whether FOMILENIO II complied with the terms of the Compact agreement between MCC and FOMILENIO II, and applicable laws and regulations; (4) perform a review of cost sharing information; and (5) review prior audit recommendations to ensure corrective actions have been taken. To answer the audit objectives, the audit firm conducted an audit of MCC's resources managed by Fomilenio II for the period from April 1, 2019, to January 7, 2021. Costs incurred for this period were \$190,803,865.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues, and costs incurred and reimbursed under the agreement for the period audited. The audit firm did not identify any significant deficiencies or material weaknesses in internal control. The result of the audit firm's test did not disclose any instances of noncompliance required to be reported under Government Auditing Standards. During the audit firm's review nothing came to the audit firm's attention to cause the firm to believe the cost sharing schedule was not fairly presented in all material respects, in accordance with the basis of accounting used to prepare the cost sharing Schedule.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").